Form DJ-307

Budget Bureau No. 43-R226.5
Approval Expires Oct. 31, 1976

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20530

RECEIVED
DEPT. OF JUSTICE
APR 24 1 58 PM '73
REGISTRATION SECTION

AMENDMENT TO REGISTRATION STATEMENT

Pursuant to the Foreign Agents Registration Act of 1938, as amended.

1. Name of Registrant	2. Registration No.
QUEBEC GOVERNMENT HOUSE - Guy Poliquin, Delegate General	1787

3. This amendment is filed to accomplish the following indicated purpose or purposes:

- [X] To correct a deficiency in
  - [ ] Initial Statement
  - [ ] Supplemental Statement for period ending Dec. 31/72
- [ ] To give notice of change in an exhibit previously filed.
- [ ] To give a 10-day notice of a change in information as required by Section 2(b) of the Act.
- [ ] Other purpose (specify) ______

4. If this amendment requires the filing of a document or documents, please list-

SEE ANNEX "A" -

5. Each item checked above must be explained below in full detail together with, where appropriate, specific reference to and identity of the item in the registration statement to which it pertains. If more space is needed, full size insert sheets may be used.

Item 10 - SEE ANNEX "B" -

Item 14(a) - SEE ANNEX "C" -

Item 15(a) - SEE ANNEX "D" -

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this amendment and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief.

(Both copies of this amendment shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Subscribed and sworn to before me at New York

this 21 day of March, 1973

Harry Mandel
(Notary or other officer)

HARRY MANDEL
Notary Public, State of New York
No. 41-2500600
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 1973

My commission expires ______

ANNEX "A"

NEW YORK OFFICE -

Quebec 72 - "Quebec petrochemical industry is riding high"
Quebec 72 - "Quebec Industry on the Move"
James Bay Development Corporation
Press clippings - "The Sale of Quebec Power"
"Quebec Discovery"
"Quebec's Growth"

(See samples of above mentioned documents attached)

BOSTON OFFICE - (same as above except for press clippings)

CHICAGO OFFICE - " " " " " " "

DALLAS OFFICE - " " " " " " "

LAFAYETTE OFFICE - " " " " " " "

LOS ANGELES - " " " " " " "

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OCT 27 1972

QUÉBEC 72

October 1972

Department of Industry and Commerce, Government of Québec

QUÉBEC INDUSTRY ON THE MOVE

Québec, Canada's largest cement producer

The board of directors of Canada Cement Lafarge recently announced a major expansion program at its St. Constant cement works.

The cost of this construction will amount to $30 million and will include the installation of an additional ultra-modern furnace and of an anti-pollution device.

Construction is under way and, with the new facilities operational in 1974, the plant's annual capacity will reach 800,000 tons.

Canada Cement Lafarge, the largest cement firm in Canada and third largest in America, has its head office in Montreal and three of its cement plants in Québec, where its investments total $175 million. Two of the plants, enlarged and modernized over the years by Canada Cement Company Limited, are located on historical cement manufacturing sites in Montreal and Hull. The other plant was built by Ciments Lafarge Québec Limited in 1965, at St. Constant. This very modern unit is piloted by computer and it holds several records of productivity in the Lafarge international group and within the industry.

Traditionally, the construction industry in Québec has been a large user of concrete, the end-use product (obtained by mixing Portland cement, aggregate and water). This is evidenced by the many office towesr commercial and residential buildings, the modern network of expressways and autoroutes which criss-cross the province as do also the dams which harness the waters of mighty rivers. More concrete and concrete products are used in Québec than all other construction materials combined, because of the fact that concrete occupies a favourable competitive position in the market place.

Cement is less expensive in Québec, due to the fact that high-quality limestone deposits are found close to large urban centres. Moreover, Québec is the birthplace of the cement industry in Canada and its production is recorded in Department of Mines files as early as 1856.

Univac's first Canadian electronics plant

The Univac Division of Sperry Rand Canada, Ltd. opened its first Canadian electronic products manufacturing plant in Québec.

Located in the Dorval Industrial Park, near Montreal, the plant manufactures more than 50 types of power supplies used in Univac computer systems and peripheral equipment.

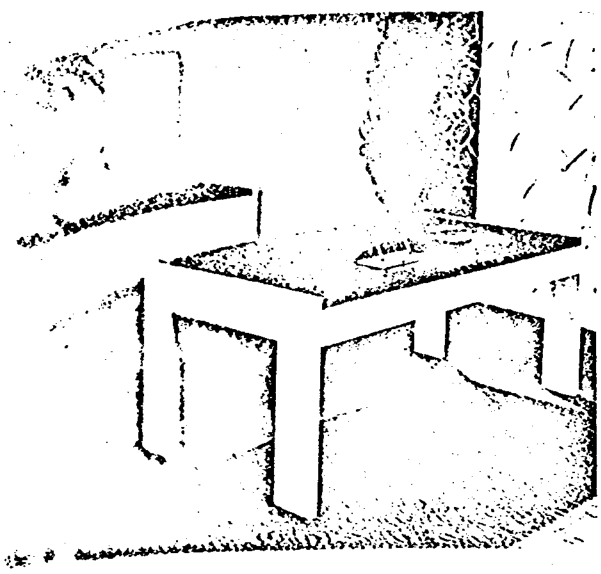
The power supplies, of a special high-tolerance, closely-regulated type, include such electronic components as capacitors, transformers and printed circuit boards.

Current production stands at about 50,000 power supplies and the company has an option on additional facilities for the manufacture of components used in the power supplies.

The plant's entire production is exported to the United States, the United Kingdom and to Europe.

The development laboratory is equipped to perform prototype construction and test, circuit bread-boarding and component qualification. All Univac power supply design will be vested in Dorval this year.

Univac is the second largest supplier of computers in the Canadian market and the third largest computer manufacturer in the world.



furniture Market

office furniture, grouping a multi- ... chest, has earned Ste-Marie and ... furniture manufacturers, the ... Trophy". Sponsored by the Québec ... Industry and Commerce and by the ... Manufacturers' Association, Inc., ... is held annually during the Mon- ... Market (August 7 th-10 th).

... of Italy, Great Britain, France and ... have made of this 26th show an ...

... Québec and Ontario manufacturers ... for the home or office, or manufac- ... inlaid-work, lighting and home ... as well as home decoration ac-

... policy of stimulating exports of ... Department of Industry and ... industrial participations abroad ... office furniture manufacturers will ... National Office Products Association ... (October 14th -17th) and a com- ... to the United States at the be-

... flight simulators

... of Montreal is one of the ... widely respected manufac- ... commercial and military flight ... of experience in the highly- ... simulation. It has built, or is ... commercial jet simulators for 11 major airlines and one commercial aircraft manufacturer.

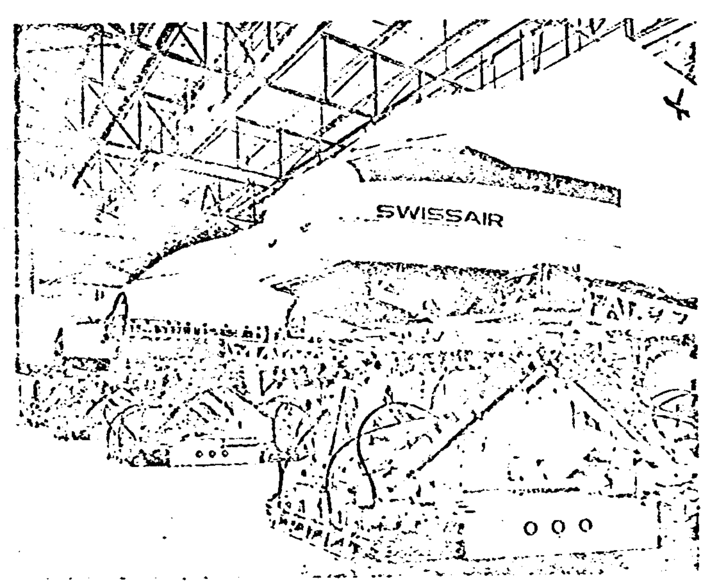
CAE Electronics has delivered seven Douglas DC-8 flight simulators to Air Canada, Air New Zealand, CP Air, Iberia, KLM, Swissair and UTA; Boeing 747 flight simulators to Air Canada, Air India, BOAC and the airline consortium of KLM-SAS-Swissair; DC-9's to Iberia, Jugoslavian Air Transport, KLM and Swissair, and L-1011 simulators to the Lockheed-California Company and Air Canada.

Four DC-10-30 flight simulators developed and manufactured by CAE are presently in-transit to the customer airline, or are undergoing in-house and on-site customer acceptance testing.

In addition, the company is developing its first visual system for Air New Zealand's DC-10, a full-colour, field sequential TV system providing automatic colour registration and superior colour fidelity for real-life simulation of total environment during approach, landing, docking, taxi-ing and take-off.

Another unique development currently in-house is a CH-47 helicopter flight simulator which is being used in the design and evaluation of a Tactical Aircraft Guidance System (TAGS) to simplify the task of flying rotary wing aircraft. CAE built the simulator and is the prime contractor in the $20 million TAGS project which is being jointly funded by the U.S. and Canadian governments.

CAE Electronics Limited is a subsidiary of CAE Industries Limited, Montreal, a Canadian-owned and operated holding and management company with eight subsidiaries engaged in such diverse operations as electronics, aircraft component manufacturing, aircraft sales, repair and overhaul and ferrous and non-ferrous metal fabrication for the forest products, transportation, mining, hydro-electric and other industries.



New Westinghouse lamp plant

Mr. Guy Saint-Pierre, minister of Industry and Commerce of Québec, and Mr. Jean Marchand, federal minister of Regional Economic Expansion, attended the start of a new Westinghouse Canada Limited plant.

This construction marks the second stage of a multimillion dollar investment program undertaken by Westinghouse in Québec, where the company already owns three plants. The financial co-operation of the Québec and Ottawa governments contributed to this expansion.

The new plant will be the second operated by Westinghouse in Trois-Rivières. It will be used to manufacture fluorescent tubes and high intensity electric discharge bulbs. These two types of lamps, as well as incandescent, miniature and photographic bulbs are presently manufactured at the company's first plant.

Textiles

The expansion and modernization program undertaken a year ago by Textile Weavers Limited has now been completed. The company has invested $2 million in its Grand'Mère plant in addition to the grants received from the Department of Industry and Commerce of Québec.

This expansion has enabled the company to consolidate its leadership in the single-knit and double-knit woolens field and to continue selling 45% of its production outside of Québec.

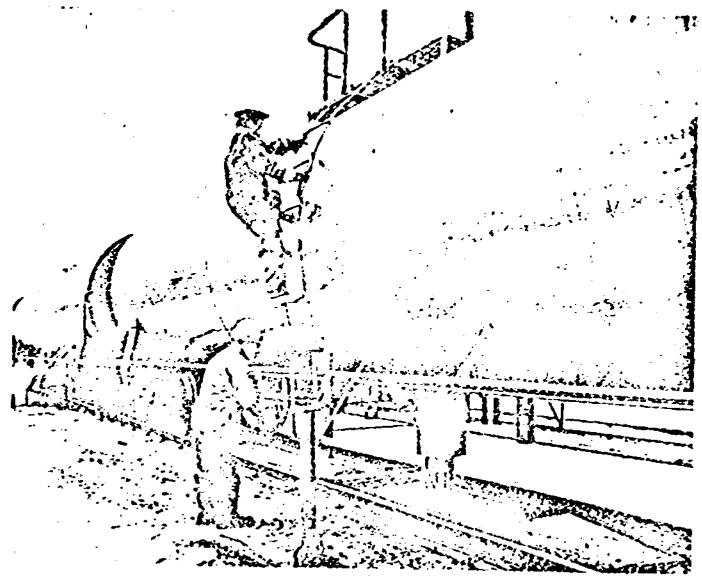
Its parent company, Textile Sales Limited, operates a plant in Montreal and another in Ontario. Its president, Mr. Jean H. Picard, is also president of the Canadian Textiles Institute.

Promotional campaign for Québec products in the United States

A gigantic promotional campaign for products manufactured in Québec has been developed by the H.C. Prange store, which has seven subsidiaries in the State of Wisconsin and whose annual gross amounts to some $70 million. The store has purchased large quantities of leather and suede clothes from several Montreal manufacturers and their products were put in a place of honour during a promotion which lasted from September 20th to September 30th and during which numerous drawings were organized.

Many Québec flags, Québec tourist films as well as members of the Compagnie Franche de la Marine underlined the theme of the promotion, "Vive la différence!"

This huge promotional campaign is the first of a series sponsored by the Department of Industry and Commerce of Québec, one of whose objectives is to promote the sale of our products in foreign countries.



"Milking" a train of 1,350,000 gallons of heavy oil...

For the fourth year in succession, Montreal Engineering Company Limited, (a Monenco company) was honored by the Association of Consulting Engineers of Canada. It received an Award of Merit for the design of a unique oil unloading system for unit train delivery. The oil is required for a boiler plant which supplies steam to the Bruce nuclear power development at Douglas Point, in Ontario.

The system is designed in such a way that up to 73 tank cars at a time can be dispatched on a regular schedule. This means that after the train is loaded in Montreal at the oil refinery it travels directly the 600 miles (965 km) distance to Douglas Point, thus avoiding the usual delays associated with freight trains, which have to call at various depots en route.

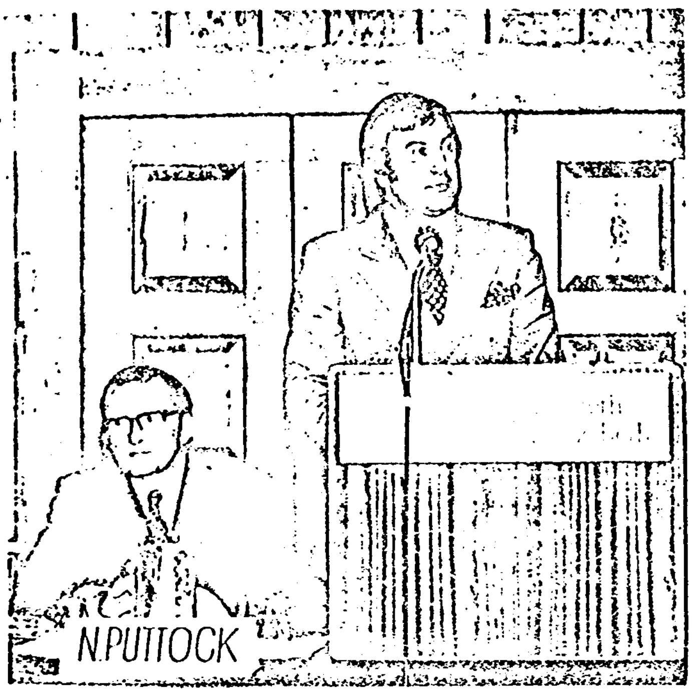
The unit train can discharge its load of 1,350,000 gallons (5,757 metric tons) of heavy oil in less than six hours under all weather conditions. When in full operation, the system will bring seven million gallons (29,850 metric tons) of oil a month to the site... winter and summer alike.

From the earth to the moon and back

Such is the annual production of zippers, or 372,822 miles (600,000 km) of the Japanese company, Y.K.K., of Tokyo, which owns 60 plants located in 30 countries and exports its products to more than 120 countries.

Established in Montreal in 1968, the Y.K.K. Zipper Company Canada Limited, which manufactures among other things metal and plastic zippers, has just quadrupled the size of its local plant.

Mr. P. N. Inagaki, vice-president and manager of the Québec subsidiary, estimates that the area of the new construction will have to be doubled within the next two years to meet the growing demand of the Québec market.



$7 million investment

A gypsum wallboard plant is currently being erected, at a cost of $7 million, at Ste-Catherine d'Alexandrie, near the St. Lawrence Seaway, south of Montreal.

The president of Westroc Industries Limited, Mr. Nigel Puttock, made the announcement during a presss conference in which Mr. Guy Saint-Pierre, Québec minister of Industry and Commerce, participated.

The company manufactures building materials distributed throughout the country. The new plant will supply the Québec market, the Maritime Provinces as well as Eastern Ontario.

Westroc Industries Limited, a subsidiary of B.P.B. Industries Limited, forms part of a worldwide conglomerate whose plants process gypsum and produce other building materials as well as paper, packaging materials, plastics; it also carries out mining operations. This network of companies operates in the United Kingdom, in France, in Sweden, in Denmark, in Finland, in Belgium, in Italy, in Rhodesia and in South Africa.

Eventual diversification of its production points to further expansion of this first Québec plant whose annual capacity, towards the middle of 1973, will reach 125 million square feet (12 million m^2) of gypsum wallboard.

$14.5 million Stelco expansion in Québec

Work is to begin immediately on the construction of a $14.5 million steelmaking plant at the McMaster Works of the Steel Company of Canada, Limited, in Contrecoeur. With the opening of the new plant, scheduled for December 1973, Stelco will be making steel in Québec for the first time.

Mr. J. P. Gordon, president of Stelco, met with the Québec premier, Mr. Robert Bourassa, to inform him that his board of directors had decided upon this investment after a long and careful study of the company's long term steel requirements in Québec, in accordance with its objective of maximizing the operations of its existing plants through the integration of their production.

Completion of this plant will bring to $72 million the amount of money invested by the company during the last 15 years in its Québec facilities, located in Contrecoeur, Montreal and Lachine.

The new steelmaking plant will contain an 80 ton electric arc furnace with an 18 ft (5.5 m) diameter shell as well as a new 4 strand continuous casting machine, fed directly from the furnace and capable of producing an eventual 175,000 tons per year of steel billets for the McMaster rolling mill.

Essentially a recycling operation, the new furnace will use as raw material scrap steel stockpiled in a 50,000 ton holding area adjacent to the plant.

In designing the operations, Stelco engineers made full allowances for environmental controls. Both air and water quality control equipment capable of meeting current and future requirements has been included. A bag house system for particle collection will be incorporated to clean the fumes emitted by the steelmaking operation, as well as a sedimentation pond for the removal of all oil and solid particles from the water.

Ancillary units and equipment will include: an increase of the existing power substation capacity to 55,000 KVA; a metallurgical laboratory with analytical and metallographic equipment; a mechanical and maintenance shop; a water pump house; rail siding and rolling stock; an oxygen distribution system and a general office building.

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Denyse Beaudry, Editor
Legal deposit - Québec National Library

QUÉBEC 72

November 1972

Department of Industry and Commerce, Government of Québec

Québec's petrochemical industry is riding high

Three multinational corporations, Hercules Inc., Gulf Canada and Union Carbide, have combined their efforts to invest some $70 million in petrochemical operations in Montreal.

These three complementary projects represent a major step forward in the consolidation and rationalization of Québec's petrochemical industry.

Hercules Inc., specialized in the development and manufacture of natural and synthetic resins, will build a polypropylene manufacturing plant with an annual capacity of 150 million pounds (68 million kg). This plant will be the first of its kind in Canada, polypropylene being one of the major petroleum-derived polymers.

Gulf Canada will increase the production capacity of its Varennes plant where it produces ethylene, propylene and other naphta by-products. Through this expansion, the company will meet the supply stock requirements of Hercules and Union Carbide. Gulf owns a network of pipelines under the St. Lawrence river that could be used for this purpose, since it already connects its Montreal-East refinery with its Varennes plant.

Union Carbide will initiate an expansion program for its polyethylene and glycol ethylene oxyde production units, located in Montreal-East.

Negotiations are currently under way between the three companies to determine the costs and the terms and conditions of such an exchange of services.

The Québec government's contribution will complement the assistance that the federal government might provide under its regular regional economic development assistance programs. The government of Québec may provide assistance, depending on the terms and conditions of the project.

Rationalization of the petrochemical industry is, moreover, an aim of the federal government and was defined as a clearly stated objective during talks between the government of Québec and the federal minister of Trade and Commerce.

During the press conference given by the premier of Québec, Mr. Robert Bourassa, the minister of Industry and Commerce, Mr. Guy Saint-Pierre, pointed out that Hercules' arrival, involving the expansion and co-ordination of Gulf Canada's and Union Carbide's production, means the survival and the growth of the petrochemical industry in Québec.

The consolidation of the Québec petrochemical sector allays the threat represented by the Ontario SOAP (Sarnia Olefines & Aromatics Projet). Without eliminating the Ontario project, the Québec projects favour the development of two Canadian nuclei in the petrochemical field.

For Québec, added the minister, this also opens the door to a diversification of the production of plastic products and resins used in the furniture industry, in synthetic fibres, rugs, cars, etc.

The development of these projects involves a major built-in economic factor since it offers an 8 to 1 multiplier in terms of jobs created.

Already richly endowed with hydroelectric resources, Québec also aspires to become a major distribution and refining centre of Middle Eastern and Venezuelan oil and of the Far North's and Hudson Bay's gas and oil resources. Future prospects concerning Québec's development as a power centre are therefore immense.

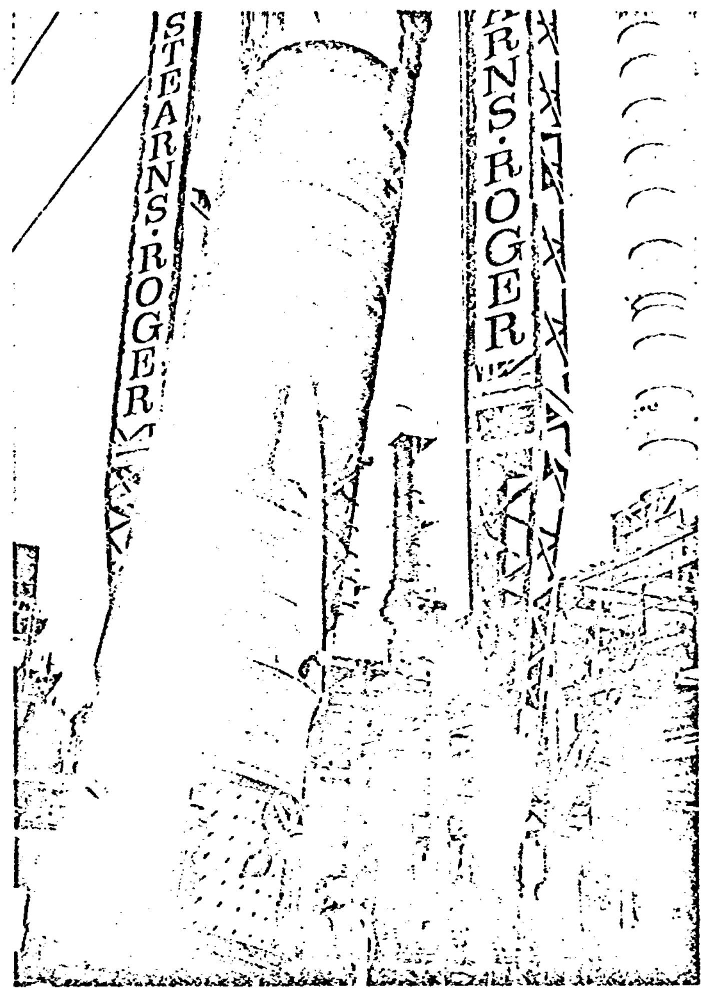
(continued page 2)

Production of sulphur-free fuels

This 400-ton reactor is lowered into place at Pointe-aux-Trembles.

The giant piece of equipment is the heart of a new hydrocracker which will crack gas oil to produce sulphur-free distillates and gasoline for commercial consumption.

These new petroleum products will enable industries to comply with more stringent regulations relating to the emission of sulphur dioxides in the atmosphere.



Other investments

FINA

Investments increased to $155 million

Mr. A. F. Campo, chairman of the board of Petrofina Canada Ltd., announces that his company has decided to increase the production of its Pointe-aux-Trembles refinery by the investment of $25 million. Work is to get under way at the beginning of 1973, to bring refining capacity close to 100,000 barrels a day (14,000 metric tons)

With head offices in Montreal, Petrofina and its subsidiaries now constitute a totally integrated Canadian group, while remaining a part of the great worldwide Petrofina family of companies, whose head office is located in Brussels, Belgium.

The company stands among the most diversified in Canada, with a line of 80 products.

Production of crude oil is now assured in Alberta and prospection extends to the whole Canadian territory.

Distribution of Fina products is handled by a network of 1,560 service stations in Ontario, Québec and the Maritimes, by direct sales to consumers and by many jobbers.

Québec's petrochemical industry

(continued from page 1)

Anticipating the construction of the power corridor from James Bay to Montreal, the minister of Industry and Commerce underscored that this corridor is already a marked advantage for Québec which hopes to benefit from an oil or gas pipeline running from the Far North to Montreal and thus favouring the development of the petrochemical industries.

On the other hand, Québec hopes to establish a deep sea port at Ile Verte or Gros Cacouna on the south shore of the St. Lawrence near Rivière-du-Loup and to reverse the flow of the Portland-Montreal pipeline by supplying the American Eastern seaboard, where no port can handle modern supertankers, with crude oil.

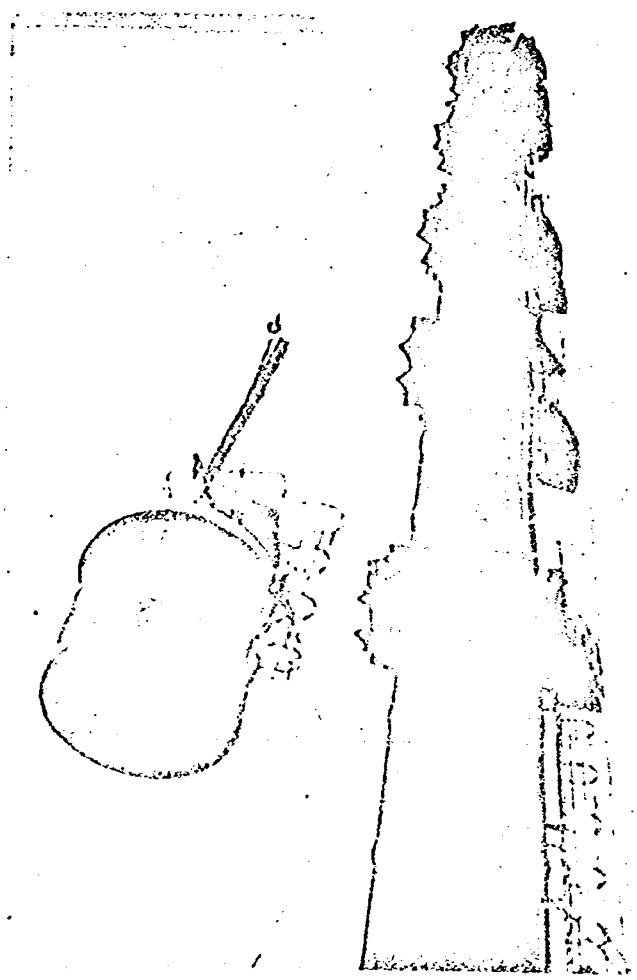
Mr. Saint-Pierre concluded with these words: "Through the joint efforts and the new co-operation between private companies and governments, the petrochemical industry is riding high on the waves and the Québec ship is sailing much better !".

First orthoxylene fractionator in Canada

Petrofina Canada Ltd. becomes the first company in Canada to produce orthoxylene. This aromatic was formerly imported from the United States.

With the installation of a fractionation unit at its Pointe-aux-Trembles refinery, the company will meet the orthoxylene demands of the chemical industry in Eastern Canada. Orthoxylene is used to improve the flexibility of industrial rubber.

The orthoxylene unit is the final stage of a complete aromatics complex producing benzene, toluene, mixed



meta and para xylenes and orthoxylene. Orthoxylene, which boils 5° Centigrade higher than the closest boiling isomer, is separated from the other xylenes by fractional distillation. The fractionating tower, measuring some 250 feet (76 m) high, contains in excess of 100 trays and operates with about a 5 - 8 to one reflux to feed ratio. When operating at full capacity, the unit will produce 55 million pounds (25 million kg) of 99% pure orthoxylene a year.

UNION CARBIDE

Union Carbide has begun construction of an air separation plant in Montreal-East to supply atmospheric gases to the company's petrochemical complex located in that area.

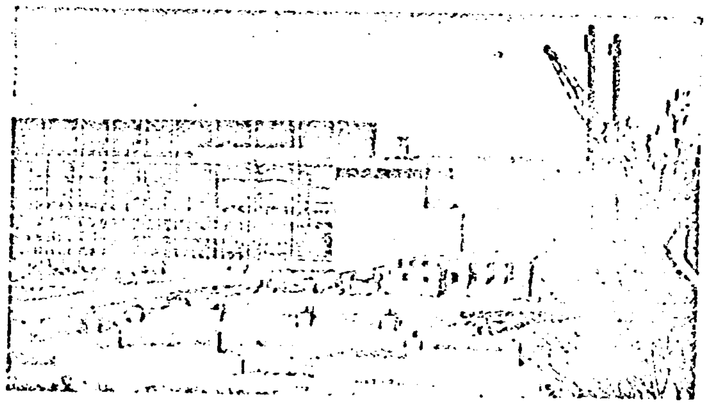
The $5 million plant, which will be operational in 1974, will also distribute liquid oxygen, nitrogen and argon to expanding markets in Québec and the Maritime provinces. The new production centre will supplement an existing Union Carbide air separation plant at Tracy.

In the air separation process, air from the atmosphere is cooled, purified, distilled and then separated into its composite parts. Liquified and gaseous nitrogen have a wide range of uses in food freezing, cryogenic (low temperature) research, livestock artificial insemination, chemical purging and blanketing operations and heat treatment of steels. Liquified and gaseous oxygen are used in steelmaking, research and metalworking, and in petrochemical and medical applications. Argon is used in metallurgical and welding applications.

Union Carbide has also completed its $5.5 million expansion program at its Montreal-East petrochemicals plant, increasing polyethylene capacity and adding new facilities for the refining of propylene.

Finally, at its Beauharnois ferro-alloys plant, an electric arc furnace is now being installed, at a cost of $13.7 million, to produce ferro-manganese and silicomanganese. This plant will be the largest of its kind in the western hemisphere.

In the foreground are the foundations for the furnace and furnace building. Initial operation is scheduled for 1973.



Statistics (1971)

Major petroleum and petrochemical companies in Québec

B A S F Canada
B F Goodrich Canada
B P Oil
Borden Chemical Co. of Canada
Canadian Hoechst
Canlin
Commercial Alcohols
Dominion Foam
Dow Chemical of Canada
Dural Products
Golden Eagle Canada
Gulf Oil Canada
Imperial Oil
Monsanto Canada
Petrofina Canada
Reichhold Chemicals (Canada)
Shell Canada
Texaco Canada
Union Carbide Canada
Valvoline Oil Canada
(a division of Ashland Oil Canada)

Capital invested: $1.1 billion

Refining capacity (June 1972):
Among Canadian provinces, Québec is first with a rate of 34.7% and production capacity of 578,500 barrels (82,643 metric tons) per day.

Production gaps

Some chemical and petrochemical sectors show production gaps, i.e., consumption is far in excess of production.

These sectors include:

1) Industrial chemicals
In particular ammonia and its derivatives, urea (used in fertilizers), and specialized solvents.

2) Soap and detergents
Québec gets the bulk of its supplies from Ontario.

3) Synthetic fibres
Polyamides (nylon), polyesters and acrylics. The textile industry, one of Québec's leading industries, is a large consumer of synthetic fibres.

4) Synthetic rubber
The Canadian provinces east of Ontario are expected to consume 80,000 tons of rubber in 1975.

5) Tires
Although two large tire producers now have plants in Québec, they are not in a position to meet market requirements.

6) Printer's inks
Despite recent investments in this sector, Québec still has to import large quantities of printer's inks.

7) Plastics
Plastics and synthetic resins such as polyamides, high density polyethylenes, polyurethanes.

The aim of the minister of Industry and Commerce's petrochemical policy is precisely to encourage capital investments in those sectors with a production shortage, so as to create new jobs.

The chemical and petrochemical industries stand among the first in Québec, not only in terms of investments, sales volumes and payrolls but also because of their outstanding growth rates in recent years.

Annual production: $1.4 billion
Average annual increase in production: 12%
Annual increase in consumption: 11%
% of Québec exports: 15%
Number of plants: 351
Number of employees: 37,438

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Denyse Beaudry, Editor
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James Bay Development Corporation

Information

For immediate release

Matagami, Nov. 2.--The first jet ever to land here today officially inaugurated the new paved 6,000-foot runway of the James Bay Development Corporation airport.

Cutting the traditional ribbon, the Quebec Government jet carried Fred H. Ernst, vice-president of the JBDC; Lucien Cliche, a member of the Corporation's board of directors, as well as some Quebec Government officials. The jet took off from Montreal, stopping briefly at Val d'Or.

The opening of the new runway--it is 150 feet wide--is a further step in the integral development of the James Bay region, now started with the launching of work on a vast hydroelectric undertaking on the La Grande River complex.

On hand to greet the jet were other JBDC officials and representatives of Quebec agencies and companies involved in the James Bay development.

Situated on the west bank of the Bell River, the airport, built by the JBDC, is nine miles from Matagami itself, gateway to the James Bay territory. It is 160 miles from Val d'Or, 485 miles from Montreal and 635 miles from Quebec.

-more-

955 de Maisonneuve Blvd East, Suite 200, Montreal 132, Qué., Tel. (514) 524-3761

Establishment of the airport to meet the needs of the JBDC and the James Bay Energy Corporation also is in line with a recommandation of the Northwestern Quebec Regional Economic Council. The Council had urged that Matagami be designated as pole of development of the northern part of the Abitibi-Témiscamingue area, with proper air facilities.

Matagami's population was 2,244 in 1966. With the start of hydroelectric development work in the James Bay region, it already has risen to an estimated 4,000. By 1977, it is expected to reach 6,200.

It was as a result of the opening of lead, zinc, copper and silver mines that the town was born. Mining now employs some 850 persons and a lumber mill, about 200.

By the summer of 1973, 75 trips per day are expected at the Matagami airport. Freight volume at the same period is estimated at 25 tons per day, as opposed to 2.7 tons per day in the winter of 1972.

A meteorological station has been in operation in Matagami for about a year.

-30-

For information: Jacques Gauthier
524-3761

W. G. Brayley

Date August 3, 1972

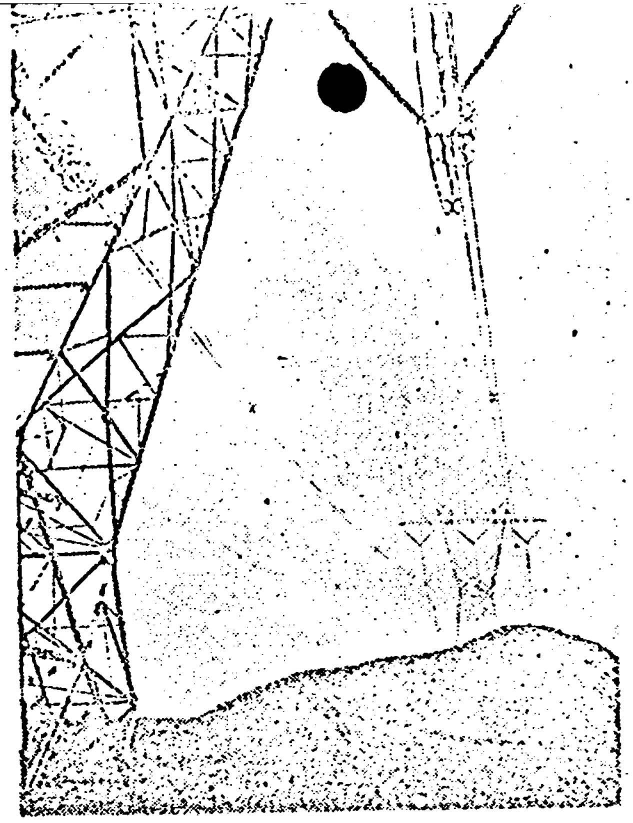
THE SALE OF QUEBEC POWER

In the light of the recent agreement between Hydro Quebec and Con Ed, the attached editorial comment by the Montreal Star's Quebec Bureau chief is of interest.

With every good wish,

The changing economics of power in Quebec

By DOMINIQUE CLIFT



QUEBEC — The power deal announced last week by Hydro-Quebec and Consolidated Edison of New York seems to have permanently done away with an idea first advanced in the early 1960s by the government of John Diefenbaker. This was that Ottawa should take the lead in organizing a national power grid to make the most favorable use of Canadian hydro resources.

The idea met strenuous provincial opposition at the time, particularly from Premier Lesage who saw in it a further federal encroachment on provincial authority and control over natural resources. But behind him stood a majority of utility companies across Canada.

Federal authorities are reportedly attempting to revive the idea of a national grid, but have apparently not yet made any open overtures to the provinces. Their concern lies with the conservation of the most economic use of Canadian energy resources. They are worried about the energy picture on the whole North American continent where dangerous shortages are showing up in key areas.

Direct link

The Quebec-New York deal is a fairly simple one. Surplus power available as a result of low summer demand in Quebec will become available to New York where demand is relatively high during the same period. Deliveries will begin in 1977 while the agreement covers a five year period, later to be extended to 20 years. The price tag set on the 14.14 billion kilowatt hours is $123 million, which will help to finance James Bay.

However, according to Premier Bourassa, the interesting aspect of this deal is the establishment of a direct power link with New York state, which will be built jointly by Con Ed and Hydro-Quebec. Previously, power deliveries to New York had to be channelled through Ontario which shared in some of the profits. Rising power prices in New York make a direct connection particularly advantageous for Quebec.

The situation is that provincial Hydro companies are acting independently of any sort of national policy in the field of energy, and seeking to maximize the returns on their own investments. This is true not only of Quebec but of every other province as well. Here the main concern is to take advantage as much as possible of power-hungry New York. Exporting power at a profit has become justification for further investments by hydro companies in Canada, particularly Hydro-Quebec.

Speaking in the National Assembly's special committee on natural resources two years ago, Hydro Chairman Roland Giroux explained that he saw Hydro-Quebec's principal task as that of a power producer and retailer. He said he was not particularly interested in industrial development through the use of power, a concern which he left to the government's own industry and commerce department.

It used to be thought that cheap power rates constituted a strong inducement for new investment. This used to be a cornerstone of Quebec policy, and any indication that power might be exported usually raised a storm of protests. But government and Hydro are moving away from this idea. They are considering the profits to be made from power sales as more important and attractive than the maintenance of low rates.

A few years ago the French aluminum producer, Pechiney, began negotiating with Hydro-Quebec for the purchase of large blocks of power in the lower Saint Lawrence. While the talks were never publicized in detail, it is known that Hydro-Quebec turned down the Pechiney proposal of an aluminum plant because it preferred the profits to be made from retailing in the Montreal area.

The changing economics of power are responsible for this switch. Power is now seen as a commodity which is not too different from others which enter into industrial production or used for consumer purposes. Furthermore the impact of low rates on industrial development and economic growth has been found to be marginal, compared with the force of attraction created by large local markets, the availability of a reliable labor force or even low transportation costs.

Hydro autonomy

The thirst for profits stands in the way of any kind of energy policy which might be advanced either by Ottawa or by the provinces themselves. So powerful are hydro companies that provincial authorities are unable to impose their own priorities on them. This is true of Quebec, anyway, where Hydro-Quebec acts pretty well as it pleases with little scrutiny on the part of the National Assembly into its investment and sales policies.

While the advent of nuclear power is still far away and relatively uncertain for the moment, there is no doubt that it will contribute in levelling power costs everywhere, at least in areas which have reached a certain level of industrial development. In the meantime, hydraulic resources which can be tapped are getting scarcer and more expensive all the time.

Understandably enough, Hydro producers are trying to make the most of the 20-year period ahead of them when they enjoy a sizable price advantage over other producers who must rely either on thermal units or on atomic energy. The market is there and they are out for short term profits. The sale of power to New York's Con Ed averages out at almost 8.7 mills per kilowatt hour which is fairly high for surplus energy. And there will be more sales later on.

The Star's Quebec Bureau

The Financial Post August 5, 1972

James Bay plan boosted with new power export

MONTREAL — Hydro-Québec's sale of power to Consolidated Edison Co., New York, has several helpful aspects to it for those in favor of the James Bay power project.

The agreement announced last week by Premier Bourassa, which takes effect June 1, 1977, will provide Con Ed with 14,400 million kwhr of power during the first five years of the agreement.

In the remaining 15 years of the agreement, Hydro will supply some 800,000 kw of power each summer to Con Ed, if available and if needed by Con Ed. This power will be returned in the winter to Hydro-Québec if available from Con Ed and if needed to serve its own customers in the peak winter months.

Hydro will receive $123 million for the power supplied in the first five years and $148 million for the last 15 years, plus a still-to-be-negotiated price for any net outflow of power.

The funds coming in will not only go a long way toward servicing Hydro's U.S. debt but will insulate U.S. debt payments against fluctuations in the US$. Hydro's long-term debt is close to $2,800 million.

The sale will require the building of high-voltage power lines between Quebec and U.S., a first step in any major sale of power to the U.S. from James Bay. Under the agreement, Hydro will build at a cost of $25 million the line to the U.S. border.

Because the agreement will bring the two concerns closer together, it should simplify technical and financial arrangements in any future power sales. Power contracts are very complicated and negotiations are often protracted. The agreement between Hydro and Churchill Falls Development Corp. took nearly two years.

Under the present arrangement, Hydro will isolate certain units at Beauharnois for generation of power for the U.S. Although the two systems will be connected once the new lines are built, officials say it would not be practical to attempt to syncronize the two systems on the basis of this sale. Both systems have at least 11 million kw of production, the sale representing only about 10%.

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July 21, 1972

QUEBEC RECOVERY

The attached statistical appraisal of the Quebec economy (1971 to date) which appeared in the July 18th Montreal Star may be of interest.

With every good wish,

William G. Brayley
Director, Industry & Commerce

ssing goes on

May, 1972. But this growth was still more than enough to place the 5,000 first-time job-seekers who entered the labor force during this period. The reason Quebec's percentage of unemployed is kept high, however, is because the supply of potential workers is increasing faster than is the fall-off of unemployed.

Slower growth

Still, Quebec's labor force grew less than did the Canadian total last year, while Quebec's growth in full and part-time jobs equalled that for all of Canada. This means that many Quebecers have been discouraged from seeking work and joining the labor force. In fact, a lot of them have gone elsewhere to find jobs.

The swollen ranks of unemployed have also kept down wages. Montreal, Quebec City and Sherbrooke are among the six major centres in Canada with the lowest hourly wages in manufacturing. The others are Winnipeg, St. John's, Nfld., and Moncton, N.B. Only Winnipeg and Saskatoon have experienced slower wage growth in manufacturing than has Montreal.

During the first quarter of this year, hourly wages in Quebec's manufacturing sector grew less over the year than did factory wages in any other region in Canada. Quebec's factory wages grew 6 per cent, while other regions varied between 7.4 per cent and 9.9 per cent growth.

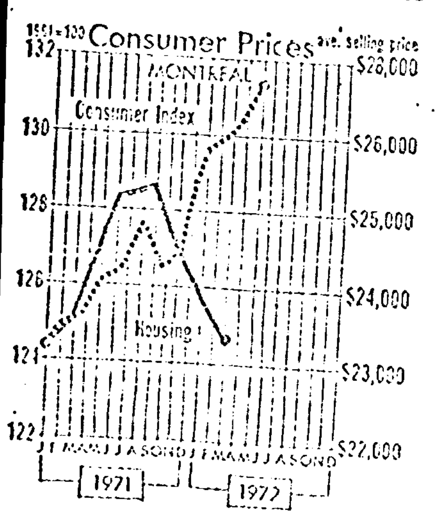
This partly explains why consumers in Quebec have not been as loose with their pocketbooks as have others across Canada. Last year, retail sales in Quebec rose 8.2 per cent, while in other regions consumers were spending between 8.5 per cent and 12.5 per cent more money. This year, however, the pace of retail sales in Quebec between January and April was running 11 per cent ahead of a year earlier, and only slightly behind the overall Canadian pace of 11.7 per cent.

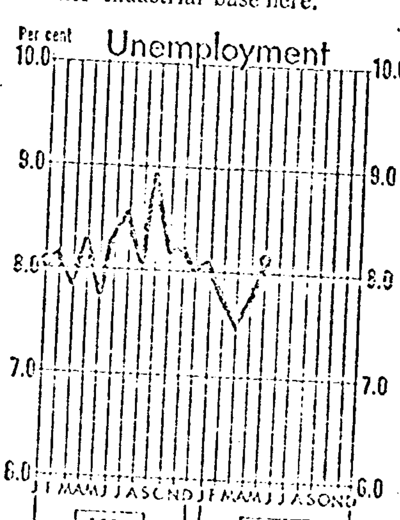
Prices rising

Montrealers are taking advantage of the slowdown in inflation. By May, consumer prices in Montreal were rising at an annual rate of 3.4 per cent, while they were accelerating 5 per cent the year before. But local tax hikes may take away some of the purchasing power gained from this trend.

The one really bullish sector of the Quebec economy has been construction. Housing starts and building permits have shown continued strength. Highway projects and work on the Ste. Scholastique international airport are contributing to the building boom. Construction spending is expected to grow 9.1 per cent this year, compared with 4.4 per cent for the rest of the country.

But the difference is that in Ontario, for instance, a little construction growth goes a long way to providing stimulus to jobs and income. In Quebec, a lot of construction growth has merely maintained employment and income levels because of the smaller industrial base here.





Quebec recovery: Gu

By RALPH STARR

It is still anybody's guess as to when and how Quebec's businessmen will respond to the year-long recovery in market conditions. The guessing game has been augmented all across Canada by the lethargic response of company executives to the windfall of "business budgets" brought down by various governments. In Quebec, the mixed bag of company spending plans adds yet another unsettling note to the province's economic scene.

To begin with, there are about as many different forecasts of company spending plans as there are "guess-perts." Surveys conducted by governments, magazines, newspapers, universities, banks, private consultants and trade unions all paint glaringly different pictures of planned investment and business confidence. In Quebec, the strident optimism expressed by government officials and private forecasters is morally inspiring, but simply adds to the confusion.

Erratic

Historically, investment in Quebec has been especially erratic. Between 1966 and 1970, net capital spending by businessmen dropped off in Quebec, while throughout Canada it was rising by 4.3 per cent. Between 1963 and 1970, only Manitoba and Saskatchewan had slower rates of investment growth. Then, last year, Quebec companies (mostly mining and utilities) bought 9 per cent more plant, machinery and equipment. Now, pundits say that investment in Quebec's manufacturing sector alone will grow by 14 per cent this year, despite a fall-off expected for Canadian factories as a whole.

As yet, Quebec's manufacturers have done little shopping around for their expansion needs. Ditto for the rest of Canada, as machinery and equipment suppliers report that business is still sluggish. In Quebec, the single greatest source of investment activity (42.6 per cent) has been the social sector, which includes government departments, institutional services and housing. This is a higher proportion of total investment than exists anywhere else in Canada, and shows how important the public sector has been to economic activity in Quebec. This is why the province insists on borrowing needed funds abroad, where interests rates are less.

The next most important sources of investment have been the primary sector (natural resources, construction and utilities), 28.5 per cent; the manufacturing sector, 18.6 per cent; and the service sector (trade, finance, real estate and commercial services), 10.3 per cent.

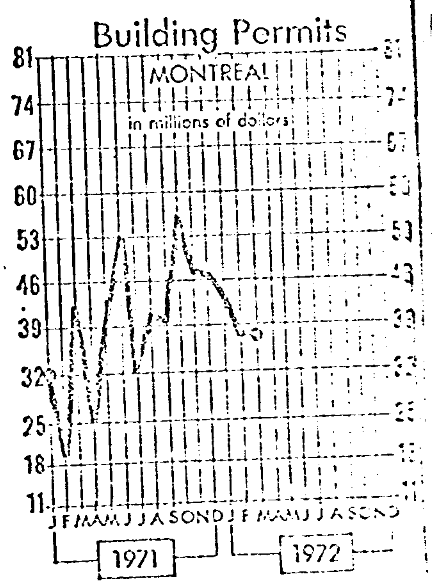
Soft markets

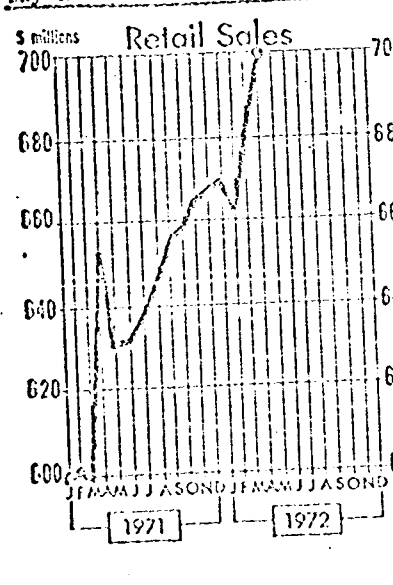
One reason for the mixed investment outlook in Quebec has been the soft markets for pulp and paper, iron ore, aluminum and aircraft products. These goods make up 42 per cent of Quebec's foreign sales, and attract 41 per cent of Quebec's manufacturing investment. There is also the fact that retail sales grew slower than in any other province last year.

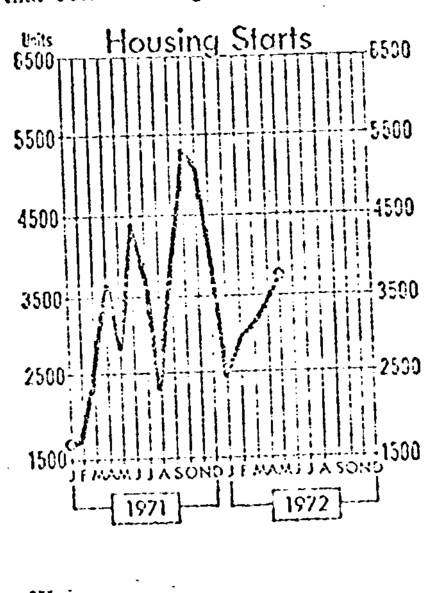
The growth rate of commodity shipments from factories thus continued to lag behind the Canadian average. During the first four months of this year, Quebec's factory goods were moving about 3 per cent slower than overall Canadian traffic.

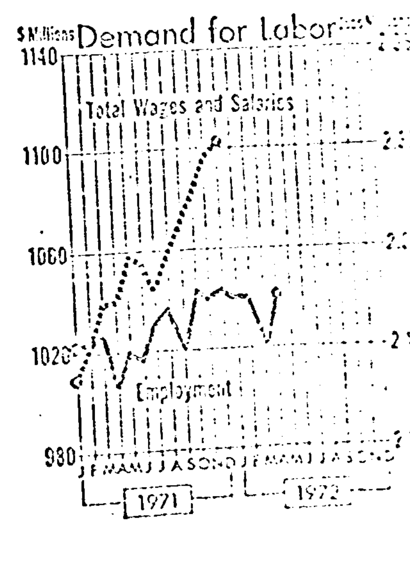
What is striking about this statistic is that Quebec is a vital part of Canada's manufacturing heartland. It is therefore easy to grasp why the underlying trend in unemployment has topped 8 per cent since 1970. In May, Quebec's jobless rate hit 8.1 per cent, seasonally adjusted.

The underlying trend in new jobs shows that only 9,000 new jobs were created in Quebec during the 1[illegible]-month period between July, 1971 and









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December 27, 1972

The attached lead editorial from the Montreal Gazette referring to economic progress in Quebec may be of interest.

Efforts to attract more technology-intensive, export-oriented industries to Quebec over the past two and a half years are beginning to bear fruit.

Best wishes for a bright New Year!

William G. Brayley
Director, Industry & Commerce

The Gazette

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Denis Harvey
Executive Editor

J. Peter Kohl
General Manager

John Meyer
Editor

Thursday, December 21, 1972

Quebec's growth

The accounting by Industry and Commerce Minister Saint-Pierre of Quebec's economic progress this year, as generally encouraging as it was, is more promising of the future than of the present. General business growth, as measured by the increase in the gross national product, has been the best since the boom years of 1964-65 but is still below the national average. The rate of new job creation is only half what it was last year. There are obvious weaknesses in the province's industrial structure, notably in the production of capital equipment and durable goods.

In the pronounced rise in capital investment, however, there is convincing evidence of a renewal of confidence in the province's economic future. Much of that new investment, it's true, was in the expansion and renovation of traditional industries, many of them the most vulnerable to outside competition. But at least the initial hurdle, that of re-establishing in Quebec a sense of corporate security, is being cleared. It shouldn't take much longer before new investment focuses more on the industries of the future.

Quebec already has a strong base from which to expand its petrochemical industry and can expect to further reinforce it by pipelining to Montreal natural gas from the Arctic islands and crude oil from a deep water port at Gros Lacouna. Here is one area which is extremely promising for sophisticated development.

There are others — the accelerated development of food processing, for example — which are similarly promising. The possibility that Quebec's rate of growth next year may exceed the national average is quite real.

The key requirement remains political stability, backed up by a progressively more knowledgeable and technologically competent labor force. The province is moving vigorously and confidently in that direction with results that are already apparent in the rise in personal income. Unemployment, regrettably, will continue high for another year or two but it need not become a constant condition. Continued business growth will absorb some of the unemployed and investment in high technology industries, while not providing much in the way of direct employment does offer job opportunities in supply and services.

ANNEX "B" -

10. In addition to those named in Items 8 and 9, if any, list the foreign principals[1] whom you continued to represent during the 6 month reporting period.

Quebec Government - Hon. Prime Minister Robert Bourassa -

Department of Intergouvernemental Affairs - Hon. Gérard D. Lévesque -

Department of Industry & Commerce - Hon. Guy St-Pierre -

Department of Tourism, Fish & Game - Hon. Claude Simard -

ANNEX "C"

IV - FINANCIAL INFORMATION

14. (a) RECEIPTS - MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise?

Yes [X] No [ ]

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.[3]

Date	*From Whom*	*Purpose*	*Amount*
Fortnightly	Quebec Government	Salaries	81,889.62
"	" "	"	23,041.65
"	" "	"	25,476.00
"	" "	"	11,102.47
"	" "	"	9,225.51
"	" "	"	17,915.20
		Total:-	168,670.45
Fortnightly	" "	Personal Allowances	58,374.54
"	" "	" "	11,309.61
"	" "	" "	10,931.00
"	" "	" "	9,727.24
"	" "	" "	5,973.89
"	" "	" "	8,645.96
		Total:-	104,962.24
When submitted	" "	Travel Expenses	1,836.96
" "	" "	" "	2,701.01
" "	" "	" "	1,812.00
" "	" "	" "	2,070.57
" "	" "	" "	236.04
" "	" "	" "	2,316.71
		Total:-	10,973.29
Quarterly	" "	Representation Expenses	3,707.02
"	" "	" "	1,935.13
"	" "	" "	2,171.00
"	" "	" "	1,038.77
"	" "	" "	981.73
		Total:-	9,833.65
When submitted	" "	Office Expenses	37,261.14
" "	" "	" "	5,312.08
" "	" "	" "	5,481.56
" "	" "	" "	4,835.00
" "	" "	" "	2,404.36
" "	" "	" "	6,505.40
		Total:-	61,799.54
Monthly	" "	Rent, maintenance,	54,441.31
"	" "	& electricity	5,222.03
"	" "	" "	4,436.51
"	" "	" "	2,233.69
"	" "	" "	1,140.00
"	" "	" "	3,006.00
		Total:-	70,519.54
		GRAND TOTAL:-	426,758.71

15. (a) DISBURSEMENTS - MONIES

During this 6 month reporting period, have you
(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes [X] No [ ]

(2) transmitted monies to any such foreign principal? Yes [ ] No [ ]

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To Whom	Purpose	Amount
Fortnightly	Employees-N.Y. Office	Salaries	81,889.62
"	" Boston "	"	23,041.65
"	" Chicago "	"	25,476.00
"	" Dallas "	"	11,102.47
"	" Lafayette "	"	9,225.51
"	" Los Angeles "	"	17,915.20
		Total:-	168,670.45
Fortnightly	Employees-N.Y. Office	Personal Allowances	58,374.54
"	" Boston "	" "	11,309.61
"	" Chicago "	" "	10,931.00
"	" Dallas "	" "	9,727.24
"	" Lafayette "	" "	5,973.89
"	" Las Angeles "	" "	8,645.96
		Total:-	104,962.24
When submitted	Employees-N.Y. Office	Travel Expenses	1,836.96
"	" Boston "	" "	2,701.01
"	" Chicago "	" "	1,812.00
"	" Dallas "	" "	2,070.57
"	" Lafayette "	" "	236.04
"	" Los Angeles "	" "	2,316.71
		Total:-	10,973.29
Quarterly	Employees-N.Y. Office	Representation Expenses	3,707.02
"	" Boston "	" "	1,935.13
"	" Chicago "	" "	2,171.00
"	" Dallas "	" "	1,038.77
"	" Lafayette "	" "	nil
"	" Los Angeles "	" "	981.73
		Total:-	9,833.65
When submitted	Companies in New York	Office Expenses	37,261.14
" "	" " Boston	" "	5,312.08
" "	" " Chicago	" "	5,481.56
" "	" " Dallas	" "	4,835.00
" "	" " Lafayette	" "	2,404.36
" "	" " Los Angeles	" "	6,505.40
		Total:-	61,799.54
Monthly	Companies in New York	Rent, maintenance & elect.	54,441.31
"	" " Boston	" " "	5,222.03
"	" " Chicago	" " "	4,436.51
"	" " Dallas	" " "	2,233.69
"	" " Lafayette	" " "	1,140.00
"	" " Los Angeles	" " "	3,006.00
		Total:-	70,519.54
		GRAND TOTAL:-	426,758.71